



Arconic UK  
Gender Pay Gap Report 2020





## Committed to Diversity and Inclusion

Arconic builds customer partnerships through best-in-class products and service. Our future depends on attracting and retaining engineers, technologists and innovators who want to grow their careers with us.

We are determined to make progress in increasing the number of female and minority employees at all levels of our organisation and plan to achieve this by leveraging the diversity of thought, experience and skills of our workforce.

We believe that diversity is a key sustainable advantage that drives innovation and helps advance our business.

“We recognize that any change to inclusion, diversity and social equity requires deep commitment and introspection from the leaders of an organization, which is why our leaders at Arconic are so focused on building and growing an inclusive and diverse organization.”

**Tim Myers, CEO Arconic Corporation**



## What is the gender pay gap?

A measure of the difference in the average pay of men and women - regardless of the nature of their work - across an entire organisation, business sector, industry or the economy. It can be impacted by the shape of the organisation, and by the number of both men and women across all roles.

**Gender pay is not the same as equal pay which deals with the pay differences between men and women who carry out the same, similar or equivalent work.**

We have provided the gender pay gap number for all of our Arconic UK businesses in addition to those we are legally required to report, so that we can provide a clear and transparent view on the gap that exists within our business.

**We currently are required to report on the following 6 key measures:**

### Hourly pay

- Difference in the mean (average) hourly pay of male and female employees.
- Difference in the median hourly pay of male and female employees.
- The proportion of males and females when the workforce is divided into four groups or quartiles from the lowest hourly pay to the highest.

### Bonus

- Difference in the mean (average) bonus pay of male and female employees.
- Difference in the median bonus pay of male and female employees.
- Proportion of male and female employees who have received bonus pay.

### Our numbers and what it includes:

**Pay** as stated in the regulations as of 5th April 2020

- Pay is based on earnings which include: basic pay, any additional allowances including shift premium, bonus pay.
- Earnings that are not included: overtime pay, expenses, the value of any salary sacrifice schemes, benefits in kind, redundancy pay and tax credits.

**Bonus** (any bonus pay received during the period of 12 months to 5th April 2020)

- Any payment that has been classed as bonus in our payroll system.

### Our commitment to reducing the gender pay gap:

Following a global demerger of our US parent company, which was executed on April 1st 2020, our UK footprint has changed dramatically, now consisting of two UK operations:

- Arconic Manufacturing (GB) Ltd
- Kawneer UK Ltd

Arconic's UK operations remain a predominately male organisation, which will continue to have an impact on our gender pay gap, as our numbers continue to be impacted by few females within our higher level roles, and by more females than males present in the lowest quartile of the workforce.

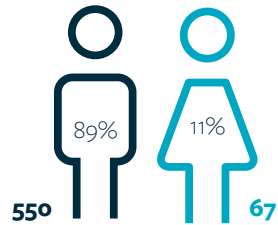
We are pleased however with the progress we have made in further closing our gap this year by 5.48%, taking our mean (average) hourly pay gap to 1.02%. We remain committed to building a strong pipeline of female talent and a greater number of females joining our businesses so we may further drive our number in a positive direction.



## Arconic UK (all sites)

### Pay

Our UK business is predominately male which significantly impacts our gender pay gap figures.



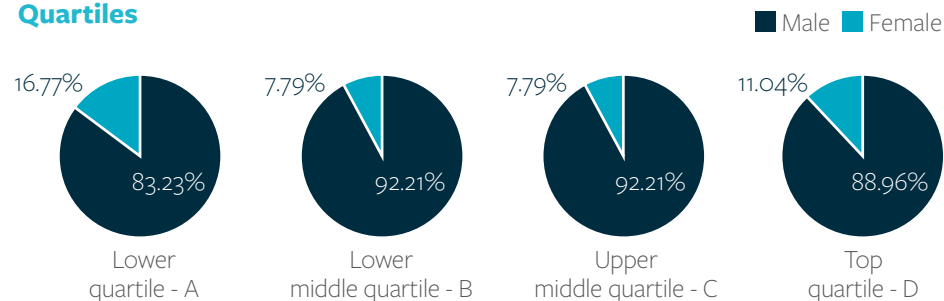
	Mean	Median	Difference £
Hourly Pay	1.02%	2.53%	0.19
Bonus	9.38%	0%	228

A positive percentage figure represents female employees having lower pay or bonuses than male employees. A negative percentage figure represents female employees having higher pay or bonuses than male employees.

### Bonus



### Quartiles



## UK figures

	Pay gap
UK mean*	15.1%
Manufacturing sector mean*	11.5%
Arconic UK mean	1.02%
Arconic UK median	2.53%

\* UK figures are from ONS, Manufacturing sector EEF and payscales report

## Understanding the gap

The composition of the workforce and the distribution across the quartiles is a significant factor to the overall gender pay gap which often indicates that males or females are over-represented in specific roles.

- For example, administrative roles, which tend to be lower paid, are traditionally dominated by females whilst engineering is higher paid and tends to be dominated by males.
- Our lower quartile is the highest percentage, at 39% of our female population. These roles tend to be less technical and as a result lower paid regardless of gender.
- Our bonus schemes are gender neutral by design, but the shape of the workforce drives the mean bonus gap, in the same way it does the gender pay gap.
- Bonus can be significantly influenced by the business units' success each year.
- The majority of our bonus schemes are paid as a percentage of salary, so the higher the pay the bigger the payout, but is impacted by pro rata for new starters and part time workers.

### The Gap in Simple Terms

For every £1 that our male employees earn, female employees earn £0.99 on average (mean) or £0.975 based on the median (middle figure) - 2020 snapshot report.



## Our figures

Following the April 2020 separation of Arconic Inc. into two distinct organisations – Howmet Aerospace Inc. and Arconic Corporation - Arconic currently owns and operates two locations across the UK, and is reporting data on the following legal entities:

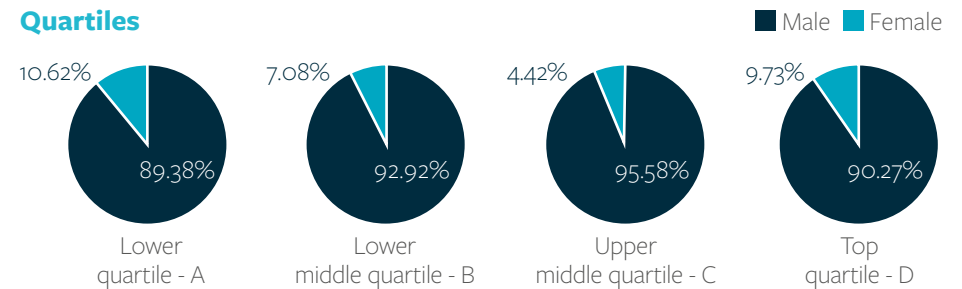
- Arconic Manufacturing (GB) Ltd  
(Kitts Green, Rolled Products, Resource Units / Corporate functions)
- Kawneer UK Ltd  
(Runcorn, Building and Construction Systems, not required to report data)

## Combined Arconic UK Mean Gender Pay Gap by Quartile

Group	Male	Mean Hourly Rate in Group	Female	Mean Hourly Rate in Group	Mean Gender Pay Gap	
					Difference -£	Difference -%
Lower Quartile	129	12.99	26	11.92	1.07	8.23%
Lower Middle Quartile	142	16.17	12	16.16	0.01	0.05%
Upper Middle Quartile	142	18.35	12	18.22	0.14	0.74%
Upper Quartile	137	27.01	17	30.40	-3.39	-12.54%
<b>All Employees</b>	<b>550</b>	<b>18.69</b>	<b>67</b>	<b>18.50</b>	<b>0.19</b>	<b>1.02%</b>

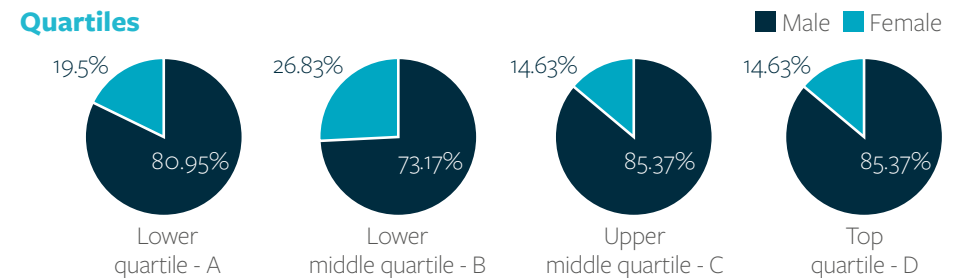
## Arconic Manufacturing (GB) Ltd

Pay	Mean	Median
Hourly Pay	-6.25%	1.48%
Bonus	-26.54%	0.0%



## Kawneer UK Ltd

Pay	Mean	Median
Hourly Pay	9.05%	16.51%
Bonus	53.59%	5.41%



## Other considerations

**Analysis of the data demonstrates that the pay gap is largely due to the structure of our workforce, specifically the limited female representation (11%) in higher banded operational roles and in the higher paid specialist professionals within our businesses.**

- The Mean Bonus Pay Gap which favours female employees is most likely to be due to the impact of individual bonus arrangements linked to grade, in view of the low number of female employees in the workforce as a whole.
- The manufacturing sector predominately requires employees to work shifts, 63% of our employees work set shift patterns, 94% of these are male and whilst there is no occupational reason for male dominance in these traditional manufacturing roles, which offer little flexibility, it still continues to be a challenge to attract females.
- Year on year changes will be more marked due to a reduction in the footprint of Arconic Corporation in the UK, following a global demerger which was executed in April 2020.
- Our pay award philosophy by design is for all based on pay for performance and same opportunity for the same job responsibility.
- We apply a structured approach to job sizing and attach pay ranges to our salaried roles within the business.



## How we make a difference

### Arconic is committed to grow stronger together. We cultivate an inclusive and diverse culture that advocates for equity.

- Arconic's CEO has signed the CEO Action for Diversity & Inclusion™ pledge, the largest CEO-driven business commitment to advance diversity and inclusion in the workplace. Nearly 2,000 CEOs across 85 industries are part of this initiative, which centers around four main pledge commitments including:
  - cultivating trusting workplaces that can have complex, and sometimes difficult conversations;
  - implementing or expanding unconscious bias education;
  - best and unsuccessful practice sharing and;
  - creating and sharing strategic inclusion and diversity plans with the board of directors.
- We aim to grow our talent pipeline through female apprentices and graduates, focusing our employer branding to appeal to all.
- We aim for 50:50 shortlists for all our professional level roles.
- We ensure we encourage career progression for all, encouraging women into leadership roles.
- We reward our people based on both their performance and individual contribution.
- We continue to build a workplace which is fair and equitable.
- We promote Employee Resource Groups (ERGs) within our organization to ensure everyone has a voice. Our 'Thrive' network in particular is focusing on shaping the future for women in Arconic, strengthening global networks and promoting inclusion and gender equity both through female as well as male members.
- We encourage more young females to embrace careers in science, technology, engineering and mathematics (STEM), continuing closely working with schools, universities and youth organisations through our Arconic Foundation and community activities.
- We train our leaders in the importance of inclusion and in particular their roles as Allies in supporting women in the workplace.

## Final thoughts

Diversity and inclusion is a guiding principle in our business. Ensuring that everyone feels valued and recognized no matter their gender is critically important.

We confirm that our data has been calculated according to the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

*J. Wallace*

**Jim Wallace**

Arconic Manufacturing (GB) Ltd

*P. Randles*

**Phil Randles**

Kawneer UK Ltd

CEO **ACT!ON** FOR  
DIVERSITY & INCLUSION

*thrive*  
ARCONIC WOMEN'S NETWORK

 **GROW TOGETHER**  
ARCONIC INCLUSION AND DIVERSITY

  
**ARCONIC  
FOUNDATION**